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"ANTI-AMERICANISM AND THE PEOPLE'S CAPITALISM MOVEMENT"

an address by

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at a luncheon of

the COMMONWEALTH CLUB OF CALIFORNIA

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(EXECUTIVE REG)

I have been asked to speak to you on "Anti-Americanism and the People's Capitalism movement", and I am happy you have given me this assignment. For both of these topics deal with ideas; and there is nothing more important than ideas today, when the cold war has heated history to the boiling point.

After spending much of the past three years of my life in studying this struggle between communism and freedom around the world, I feel strongly that ideas will engineer the road to the future. This is rough on Americans, for we are a people of action. We have produced few philosophers, possibly because Americans find it hard to sit still very long at one time.

If anyone doubts the explosive nature of ideas, let him consider that roughly three-fifths of our entire national budget is being spent for cold war activities. About sixty-two cents of every dollar the Internal Revenue Bureau extracts from you goes for activities which spring directly from the present conflict in ideologies.

Hence, he who aspires to any reduction of his income tax might well give some attention to ideas.

Consider also, that one half the world has been set against the other by a book -- a book containing the economic philosophy of Karl Marx.

Ideas got the world into this predicament, and ideas -- not bombs -- are likely to be what gets us out.

Yet we Americans think so little of ideas that whereas last year we spent 35 billions on our military establishment,

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we gave the U. S. Information Agency only \$113 million to project the facts about us to the world -- about 70% of what one American company spends to advertise its products at home. And this year Congress cut even that modest sum 16%, causing USIS to shut up shop in country after country and leaving a clear field to the delighted communists.

There has been much loose talk about how poorly we run our ideological war, often by ill-meaning amateurs with a hatchet to grind. And there has likewise been loose talk about anti-Americanism, talk often so loose it needs a bit of Sanforizing.

When a tourist comes back from abroad, and declares that anti-Americanism is rampant, it is often another way of saying that he had a tiff with a concierge in Paris, was cheated by a barber in Rome, and read a critical editorial in a London newspaper.

Actually, personal experience is about as valid an index to public opinion as a one-wife survey. As a matter of fact, public opinion is often confused with several other types of opinion.

First, there is government opinion -- the statements about us made by officials of foreign countries. Second, there is elite opinion; for example, the leaders of the various foreign political parties. Third, there is newspaper comment and editorials. None of these three are true public opinion, although often quoted as such.

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It is very easy to be didactic -- and wrong -- about public opinion. Somebody says, "I have been to Pakistan and I know the Pakistanis feel thus and so" -- but, of course, he knows no such thing. The French journalist Raymond Cartier wrote an article for "Paris Match" entitled "Why are the Americans detested?" in which he took the attitude the Americans are detested everywhere, everybody knows that.

Was he right? I doubt it. We are envied, yes -- and envy often emerges above the surface of the ego looking like hate. When I was in Tokyo, a newspaper correspondent friend of mine spent an evening parrying the vicious stabs at America by a group of Japanese teen-agers. When he was about to leave, the most vituperative of the Japanese youngsters took him aside and asked his help in getting a visa to the U. S.! A little envy is a good thing; it is often a better stimulant to ambition than vodka.

Fortunately, we can at least get a clue to public attitudes in Europe through the existence of some continuing public opinion surveys. These were made by private firms using the Gallup method, and are at least more reliable than conversations in high school French with six Paris taxi-drivers.

Beginning with 1954, people of Great Britain, Italy, Austria, West Germany, Belgium and France were asked "What is your general opinion of such and such a country? Very good, good, fair, bad or very bad? The list of countries mentioned

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included both the United States and Soviet Russia.

When the answers were in, the "goods" and the "bads" were added up for each country, and the lesser subtracted from the greater. And whereas the Soviet Union was in each case in the minus or unpopular column -- more "bads" than "goods" -- the United States was in each case well up in the plus or popular column -- many more "goods" than "bads". These studies have been repeated periodically up to the present time, and not once from '54 to '57 did the United States fall down out of the plus area.

We came close to it with Britain public opinion at the time of Quemoy and Matsu; but in 6 months we were back up to plus 50. We slid again at the time of Suez, but surprisingly enough we bobbed right back in a week or two.

On the graph showing this trend of public opinion, our curve runs generally highest in Belgium and Austria, next highest in West Germany and Italy, then Britain and lowest of all, France. We keep just above the dividing line with the French. The French are, however, cynical about everything including themselves; to paraphrase "My Fair Lady", the French don't care what names they call us as long as they pronounce them properly.

Probing human feelings is a complex and uncertain business at best; but the next time some one tells you that Americans are disliked everywhere; I think you may reply that even if

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Americans are, America isn't.

But please note this: being loved is relatively unimportant. It is pleasant to be admired, of course, but we are in something far more serious than a popularity contest. Remember, it is possible to be popular and dead at the same time. We are in an ideological war of attrition between two opposing ways of life, and what really counts is whether we are winning or losing. Whose philosophy and ideals are gaining converts, and whose is losing them?

Now right here we have to stop and ask ourselves what this bitter struggle is all about. The basic differences are familiar to all of you, but it is useful to review a few high points from communist doctrine, as revealed by Karl Marx.

Vastly oversimplified, Marx taught that virtually every condition of life finds two opposing forces at work, which he calls the thesis and anti-thesis. These two forces, he said, eventually produce a synthesis, which represent the next upward step in human living. Thus, the primitive society was succeeded by a society based on slavery (as in ancient Rome), the slave-based society was succeeded by feudalism, feudalism was replaced by capitalism, and capitalism will fall and be replaced by communism.

The opposing forces present in capitalism, said Marx and Engels, are the means of production and the private ownership of production. The built-in conflict present in these forces

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results in crises, said Marx, which grow deeper as capitalism develops. To preserve profits, the capitalists progressively squeeze the workers until the oppressed finally revolt. Hence, it is inevitable that capitalism will fall and communism will become universal. Khrushchev is perfectly sincere when, after a few vodkas, he says "We will bury you."

Now note particularly three devastating points in this communist doctrine:

First, that capitalism is a system where the few exploit the many.

Second, that capitalism is immoral and evil.

Third, that the fall of capitalism is inevitable; it is doomed by history.

These are essentially the points that have been hammered home by the world-wide Communist propaganda apparatus for over thirty years, illustrated in terms of current events. They have been drummed into the ears of the world -- particularly Europe and now Asia -- to the point where virtually every country has been contaminated by them to some extent.

For example, a public opinion study in 1956 polled people in five capitalistic European countries as to their opinion of capitalism -- with shocking results.

Only in Great Britain did the majority have a favorable opinion of capitalism -- and that by the slender margin of plus 7. In Italy, the majority opinion was unfavorable --

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minus 17. In West Germany it was minus 25; in France, minus 35; and in the Netherlands, almost minus 40.

In other words, capitalism is indeed a nasty word almost everywhere. The result was that not long back hardly a single U. S. propagandist dared mention it. We were caught in a deadly semantic trap.

When the full implication of this predicament dawned on me in the course of a round-the-world propaganda study, I was thoroughly depressed. If the world went on believing all capitalism was evil, capitalism would doubtless eventually fall. And as capitalism went, so went America.

But what are the actual facts about capitalism?

Well, no fair observer could deny that capitalism, as practiced in some parts of the world, was a pretty smelly business. In parts of Asia and Africa, it was synonymous with ruthless exploitation of resources and the natives. In areas of Europe, it meant restrictive cartels, rigid class lines, and low wage levels. But while all this was going on, a species of capitalism was evolving in the United States so different as to be virtually a new social invention.

You all know the story. Take just one group -- American industrial workers. This is the group which Marx said must be progressively squeezed by capitalism. Yet since 1914, the beginning period of swift change, the average wage level of American industrial workers has risen 507% while the prices



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of things they buy has risen only 168%. And while the U. S. worker's pay was climbing, his hours of work declined from 49.4 to 40.1.

Of late years, America's middle income group has literally exploded. And at the same time, the proportion of very rich and very poor has shrunk spectacularly. You see evidence of our new shared benefits in highways jammed with cars and colleges crowded beyond their gates. Yes, something has happened here unique in the world's history -- we are rapidly bringing the good life to all our people. This is a case history that confounds Marx.

Turn now to the question of who supplies the capital that fuels America's prosperity and you discover another unique phenomenon. Almost every American has become a capitalist. Directly or indirectly, either through ownership of stocks or bonds or a farm or through money in savings banks, life insurance, pension funds, or even labor unions, he has funds at work helping to produce goods and services.

These are facts nobody can dispute. Studying them, it seemed evident to The Advertising Council that it was urgent that we Americans ceased being defensive about capitalism. Not to mention the word at all was playing right into Communist hands.

The Advertising Council, therefore, proposed in a public address that our unique American capitalism be given a new,

descriptive name; and that this name make clear that our form of capitalism operates for the benefit of the many. That was the principal point -- the name must get across that our new capitalism is for the little man.

Very deliberately, we suggested that We the People liberate a word made famous by the American Constitution and by Abraham Lincoln -- and call our American invention People's Capitalism. We felt this reclaiming of the word "people's" -- which, like "peace" and "democracy", has been debased by the Kremlin -- would provide the shock value needed to get the idea quick attention and discussion. As it turned out, the same idea also occurred to many others -- including Mr. Louis X. Menchini, a newspaper publisher in this city.

In theory, this idea should start to erode the foundations upon which communism is built. For, if capitalism can benefit the many, then communism has nowhere to go. But this was only theory. The real test would come in the Communist's reaction. If nobody in Moscow yelled "Ouch", the idea probably didn't hurt much after all.

Fortunately, the Russians couldn't keep their reactions a secret. Following use of the phrase by President Eisenhower and the U. S. Information Agency, the Communist propaganda mechanism immediately began to behave like a seismograph at an earthquake.

The Daily Worker, the captive radios of the satellite countries, Pravda, the Moscow radio -- all began talking at once, ridiculing the absurdity of the idea that capitalism could

benefit the people. Dmitri Shepilov, then Foreign Minister and now in disgrace, said at the 20th party congress that People's Capitalism was as absurd "as fried ice". The Soviet humor magazine Kopatko published a cartoon showing a cloak labelled "People's" being sewed around the decaying form of capitalism. The magazine Kommunist also launched an attack. Soviet economist Eugene Varga was unleashed to do a series of articles demolishing the un-Marxian idea that the common man could be well off under capitalism.

On our side of the ideological chessboard, the realization began to dawn that we were at long last off the defensive. The American press applauded the idea of People's Capitalism in dozens of editorials. The U. S. Information Agency adopted People's Capitalism as a global theme and asked The Advertising Council to plan an overseas exhibit explaining some of its principles. This was done and the exhibit was sent abroad on tour. Thus far, it has been shown to capacity crowds in Colombia, Guatemala, Chile and Ceylon. It is soon to show in India.

The startling effect of this can be gauged by a few quotations from the foreign press.

In Bogota, Colombia the newspaper La Paz said "the exhibit is the best reply to any campaign to disavow or criticize the high standard of living the workers of America enjoy."

La Republica commented that "The real revolution which man has had to bring about is now achieved, but capitalism rather than communism has made it a reality."

The Guatemalan press waxed even more enthusiastic and talked about "a new economic era in the U. S.," "the people who refuted Marx," and "a people which makes Marx look ridiculous."

The American correspondent Robert H. Hallett, reporting from Santiago, Chile said "A public discussion is still reverberating in Chile over the recent 'People's Capitalism' exhibit...

"Chileans are..prone to define capitalism as a completely exploitive system for the benefit of a few..

"The intent of the exhibit is to disabuse people of this trite concept of American society. Many have called the showing the best the U. S. has ever had here. At least it aroused resounding public debate.."

Over on the other side of the world, in Asia, similar reactions were being produced in socialist minded Ceylon. In Colombo, Ceylon, USIS reported that the exhibit "has awakened a tremendous interest in the American way of life, not only among the more conservative elements but also among..the leftist elements."

The mayor of /

/ Kandy, the second city of Ceylon, remarked "The word capitalism has meant to many of us something rather bad..today's exhibit..'People's Capitalism' has shown us that..capitalism is not as bad as we had been persuaded to think."

Now just one more anecdote which I think will amuse you.

As a part of our efforts at economic education here in America, The Advertising Council in cooperation with Yale University held, about eight months ago, a Round Table discussion

at New Haven -- a full day's discussion by brilliant minds on the American economy.

Participating in the discussion were distinguished Yale professors of economics, political science, history, conservation and religion, as well as representatives of business and labor.

The discussion was summarized by Professor David Potter in a penetrating little book entitled "People's Capitalism."

This booklet was circulated to the U. S. press and received an ovation. It was also sent to professors of economics, political science, etc. in American colleges, and was distributed by the U. S. Information Agency to its posts overseas. The leading Japanese economic publication translated it into Japanese and re-printed it in full.

At about this time, a mysterious stranger was found wandering about the corridors of the U. S. Information Agency in Washington. A receptionist went up to him and asked if she might help. He said, yes, that he had come for information on People's Capitalism. After she had answered his questions for several minutes, the young lady asked if he would be good enough to identify himself. He said certainly, that he was an officer of the Russian Embassy.

Almost before the young lady could recover her composure, a second caller came wanting information on People's Capitalism. He turned out to be a correspondent from Tass, the Soviet news service. And he in turn was followed by a third eager gentleman,-- an editor of the Soviet magazine, U.S.S.R.

Not very long after this, the world-wide Communist propaganda

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apparatus began to snap, crackle and pop anew at People's Capitalism. Leading Romanian publications devoted lengthy articles to demolishing the idea. The party chairman in Norway opened the ninth national congress by saying that there was no such thing as people's capitalism. The USSR published a 64 page pamphlet called "The Bourgeois Lie about People's Capitalism." The Bulgarian labor organ Trud attacked "The Theory of People's Capitalism and its Reactionary Nature." The Czechoslovak Communist party adopted an official resolution urging everybody to counter the people's capitalism theme.

But the most delicate compliment of all was that Moscow also staged a Round Table. There were present professors of political science, economics and history, but no professors of religion, no business men and nobody from labor.

The results of this discussion under the title of "The Myth of People's Capitalism" is published in the Soviet Magazine "International Affairs." This journal has been circulated to intellectuals around the world. And it is melancholy to reflect that for every one intellectual who sees our booklet, probably thirty will see the communist rebuttal.

However, thanks to the Voice of America, Radio Free Europe and Radio Liberation -- all of which have used the People's Capitalism theme -- reverberations are being felt in Moscow itself. Not long ago the communist youth publication commented that Soviet University students were being shaken by two reactionary ideas. The first was the extent of freedom in Western countries,

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and the second was people's capitalism.

Out of all that has been written on the subject, it seems to me that the most perceptive comment from overseas came from Edmund Stevens, the Moscow correspondent of the Christian Science Monitor. Writing from Moscow in June, Mr. Stevens said:

"People's Capitalism has recently been under heavy attack in the Soviet press and periodicals.

"Indeed, few concepts...that have come out of the West in recent years have provoked such indignant...rebuttals...

"Obviously, Communist ideologists could not ignore such a challenge without compromising their basic principles. If the claims of people's capitalism were allowed to stand, then many long-standing Marxist assumptions would have to be either jettisoned or revised. Communism would be shorn of its most cogent arguments and appeal, not only abroad but at home."

We Americans have made a beginning at stemming the tide of artful communist propaganda. But it is only a beginning.

If we are going to win this ideological struggle, we had better realize, all of us, that regardless of transoceanic missiles ideas are the ultimate weapon.

We must cease under-estimating our opponents. Beginning with Pavlov and his dogs, Russian scientists have studied behavior patterns. The fiendish efficiency of their brainwashing revealed their deep knowledge of psychology.

We must finance the idea war properly. We are out-advertised thirty to one. The U. S. Information Agency should have a budget

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double its present size.

We must select a few truths about America and put our full force behind them. We have tried to tell too much, too seldom.

Lastly, we must be far more aggressive and courageous in telling the story of People's Capitalism. This is America's great contribution. No other society can adopt it ready-made, but nearly every new nation can benefit by our experience.

In the People's Capitalism overseas exhibit there is a final panel which gives the visitor a parting message. And I, too, would like to leave you with this message.

"Since the dawn of time, men have dreamed of a day when there would be more to life than a grinding struggle for food and shelter.

They have dreamed of a society in which all men would be free with each man as good as his neighbor.

Americans, like other peoples, have marched toward this shining goal. Thanks to good fortune, ingenuity, hard work, and respect for human dignity, they have achieved a dynamic new way of life.

It is, in truth, People's Capitalism -- Capitalism 'of the people, by the people, and for the people.'

It is man's newest way of life.

It is bright with promise as the way of the future."